

Title 29
Affordable Housing Fund:
Annual Report
and
Action Plan
YEAR 2016

Department of Planning and Building
County of San Luis Obispo

Approved by the Board of Supervisors
November 17, 2015

COUNTY OF SAN LUIS OBISPO

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Summary of Activities for Year 2015 Action Plan

Title 29 – Affordable Housing Fund – has been active since 2009. At the beginning of 2015, there was \$155,273.75 available in the Fund. Pursuant to the 2015 Action Plan, the County used \$100,090.12 to help pay the construction costs for 85 affordable housing units in four projects in Atascadero, San Luis Obispo and Morro Bay. As of October, 2015, there is \$125,268.00 in the Fund. Pursuant to the 2016 Action Plan, the County will use \$109,848.73 to help pay the construction costs of affordable housing units for three projects in Templeton, San Luis Obispo and South County. These projects will produce 51 affordable units. The Fund must be spent within the same housing market area as where the projects that paid the Title 29 fees are located (see Appendix – Housing Market Area Map).

Residential development pays in-lieu fees and commercial development pays housing impact fees. The total Fund amount of \$125,268.00 includes \$47,228.93 in the In-Lieu Fee account and \$29,005.29 in the Housing Impact Fee account. In-lieu fees and housing impact fees must be spent on the construction of affordable housing units. An additional \$42,783.32 in loan pay-off funds and \$6,250.45 in unused 2014 Title 29 funds is also available. The loan pay-off amounts came from the pay-off of affordable housing loans. These added amounts will be spent along with the Title 29 Fund amounts (\$47,228.93 + \$29,005.29 + \$42,783.32 + \$6,250.45 = \$125,268.00).

During 2016, additional fee payments may be deposited and some of the funds currently in the account may not be spent. At the end of 2016 the Board of Supervisors shall consider the available revenue amounts in all of the accounts of the Affordable Housing Fund and determine how to allocate the Fund in 2017.

Introduction

This Annual Report and Action Plan for 2016 is a combined document. The Board of Supervisors of San Luis Obispo County has accepted this Annual Report and has adopted a resolution approving this 2016 Action Plan. The Annual Report summarizes the past year's funding activities of the Title 29 – Affordable Housing Fund. The 2016 Action Plan guides this year's use of the Fund. Both the Annual Report and Action Plan illustrate the process by which the County collects and disburses the Affordable Housing Fund. Priorities for spending the Fund are set by the County's housing policies and goals, which are described in the General Plan – Housing Element, in Title 29 – Affordable Housing Fund, and in the Inclusionary Housing Ordinance (Land Use Ordinance Section 22.12.080 and Coastal Zone Land Use Ordinance Section 23.04.096).

Contents of the Annual Report

Every year the Planning Director reports to the Board of Supervisors on the status of the Title 29 – Affordable Housing Fund. This report includes a statement of income, expenses, disbursements and other uses of the Affordable Housing Fund. It describes the number of people assisted and the number of housing units constructed or assisted during the previous fiscal year. The report also describes the assisted units, such as the unit types (rental or ownership), targeted income levels, geographic location, the amount of assistance provided and the amount of local, state and federal funds leveraged. Lastly, the report also contains a discussion of how well the goals of the previous year's Affordable Housing Fund Action Plan were met. The Planning Director may recommend changes to the county codes and General Plan, or other actions that may be necessary to carry out the purposes of Title 29, including any adjustments necessary to the fees or fee administration.

Available Funding for Year 2016

Available Revenue in the Affordable Housing Fund Accounts

Table 1 (next page) summarizes the activities in all of the Title 29 – Affordable Housing Fund accounts since October, 2014.

Table 1
Summary of All Accounts
Between October, 2014 and October, 2015

Amount of Funds Spent			Amount of Funds Available		
Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$12,484.37	(\$509.14)	\$11,975.23	\$35,253.70	\$47,228.93
Housing Impact Fees	\$53,856.20	(\$63,195.48)	(\$9,339.29)	\$38,344.58	\$29,005.29
Loan Pay-off	\$40,000	(\$40,000)	-	-	-
Unused 2014 Loan Pay-off	-	-	\$42,783.32	-	\$42,783.32
Unused 2014 T-29 funds	-	-	\$6,250.45	-	6,250.45
Total Amount	\$106,340.57	(\$103,704.62)	\$51,669.71	\$73,598.28	\$125,268.00

** A 5% administrative fee has already been subtracted from the fee amounts shown in this column as provided for by Section 29.03.010.

Additional Funds – Loan Pay-off and Unused 2014 Title 29 Fund

In 2014, two affordable housing units were sold and the County loans were paid off. The loan pay-offs were deposited into the Title 29 Fund even though they are not in-lieu fees. This money is not subject to the Title 29 requirements and it may be spent on affordable housing projects in any area of the County.

In 2015 the County spent \$40,000 of the pay-off funds on the Morro del Mar Senior Apartment project in Morro Bay. The remainder of the pay-off funds - \$42,783.32, has been saved in the Title 29 Fund for use on future projects.

NOTE: The County has amended its affordable housing ordinance and no longer captures a loan (i.e. a “silent second” deed of trust) on affordable housing units.

The unused 2014 Title 29 Fund contains \$6,250.45 in funds from the South County area. Title 29 funds are required to be spent in the same areas as the development projects that paid the fees are located. Currently, in the South County area, there are no affordable housing projects

on which to spend the \$6,250.45 in available funds. This unused fund is being saved until it can be used on an eligible South County project.

Available Funding Amounts for Each Area of the County

The following table summarizes the funding amounts available for each area of the County.

Table 2
Funds Available for Each Area of the County**

Account	Remainder 2015 Funds	North County	South County	Central County	North Coast	Total
In-Lieu Fees	\$11,975.23	\$23,282.27	\$0	\$11,971.43	\$0	\$47,228.93
Housing Impact Fees	(\$9,339.29)	\$29,098.37	\$979.48	\$8,266.73	\$0	\$29,005.29
Unused 2014 Loan Pay-off	\$42,783.32	-	-	-	-	\$42,783.32
Unused 2014 T-29 funds	\$6,250.45	-	\$6,250.45	-	-	\$6,250.45
Total	\$51,669.71	\$52,380.64	\$7,229.93	\$20,238.16	\$0	\$125,268.00

**The County is divided into four Housing Market Areas (see Appendix - Housing Market Area Map).

Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within the same housing market area as where the projects that paid the Title 29 fees are located.

In-Lieu Fee Account

The in-lieu fee is collected from residential development projects. Land Use Ordinance Section 22.12.080 (Inclusionary Housing) requires the provision of affordable housing. Applicants may choose to pay an in-lieu fee rather than provide affordable housing units. The County collects and uses the in-lieu fees to support the construction of affordable housing units.

The following table summarizes the activities of the in-lieu fee account since October, 2014.

Table 3
Summary of In-Lieu Fee Account
Between October, 2014 and October, 2015

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
In-Lieu Fees	\$12,484.37	(\$509.14)	\$11,975.23	\$35,253.70	\$47,228.93

** A 5% administrative fee has already been subtracted from the fee amounts shown in this column, as provided for by Section 29.03.010.

Housing Impact Fee Account

The housing impact fee is collected from new commercial / industrial development projects. Land Use Ordinance Section 22.12.080 (Inclusionary Housing) requires the provision of affordable housing. The housing requirement is based on the number of employees who work in commercial projects. Applicants may choose to pay a housing impact fee rather than provide affordable housing units. The Planning and Building Department collects and uses the housing impact fees to support the construction of affordable housing units. Housing Impact fees cannot be used to repair or rehabilitate existing housing units or to support affordable housing programs.

The following table summarizes the activities of the housing impact fee account since October, 2014.

Table 4
Summary of Housing Impact Fee Account
Between October, 2014 and October, 2015

Account	Starting Amount	Disbursements (--)	Remainder	New Income** (+)	New Amount Available
Housing Impact Fees	\$53,856.20	(\$63,195.48)	(\$9,339.29)	\$38,344.58	\$29,005.29

** A 5% administrative fee has already been subtracted from the fee amounts shown in this column, as provided by Section 29.03.010.

Action Plan from the Previous Year

Summary of Previous Year's Action Plan Projects

The following table shows the status of the project(s) funded through the previous year's Action Plan:

Table 5
Projects Supported by the Title 29 Fund during the Previous Year (2015 Action Plan)

Project Name	Amount Allocated	Amount Drawn	Remaining Amount	Was Project Completed?
Atascadero Triangle Atascadero (11 units)	\$1,000.00	\$1,000.00	\$0	No – Complete by December, 2016
El Camino Oaks Tract 2640 - Atascadero (12 units)	\$18,337.50	\$18,337.50	\$0	Yes – Completed April, 2015
South Street Family Apt's San Luis Obispo (42 units)	\$33,773.23	\$33,773.23	\$0	No – Complete by July, 2016
Morro del Mar Senior Apt's Morro Bay (20 units)	\$46,979.39	\$46,979.39	\$0	Yes – Completed October, 2015

Of the \$100,090.12 in Title 29 funds that were provided to projects in 2015, the entire amount was spent. The eligible projects were located in north, central and north coastal county areas. All of the projects made considerable construction progress and two projects were completed.

Achievements of Individual Projects

Project Name: Atascadero Triangle – by People's Self-Help Housing Corporation

- Location: Atascadero Avenue, across the street from the old Atascadero library building.
- What the funding paid for: The funds were used to pay for hard construction costs, including site preparation and rough grading. This is a sweat equity project, and all 11 units will be 3 bedroom single family dwellings that will be built and owned by low and very low income home households.
- Achievements & beneficiaries
 - Number of Affordable Housing Units Constructed or Assisted – 11 units are being constructed.
 - Number of Beneficiaries – 11 low and very low income home owner households
- Additional funding considerations
 - Does this project need additional funding? No.
 - Why should additional funding be awarded? (if applicable) – Not applicable.

Project Name: El Camino Oak – Tract 2640 by People's Self-Help Housing Corporation

- Location: Tract 2640 in north Atascadero (east side of El Camino Real)
- What the funding paid for: The funds were used to pay for hard construction costs, specifically an unexpected increase in lumber costs. This is a 24 unit sweat equity project, where all 24 units are built and owned by low and very low income home households.. All units are 3-bedroom single family dwellings. A sharp rise in lumber costs became an

unexpected construction expense for 12 of the families. The Title 29 funds were used to cover the increased lumber costs – and save the families from having to acquire additional construction loans.

- Achievements & beneficiaries
 - Number of Affordable Housing Units Constructed or Assisted – 12 units / 12 low and very low income home owners were assisted with their lumber costs.
 - Number of Beneficiaries – Twelve low and very low income homeowner households.
- Additional funding considerations
 - Does this project need additional funding? No.
 - Why should additional funding be awarded? (if applicable) – Not applicable.

Project Name: South Street Family Apartments by ROEM Development and the Housing Authority of San Luis Obispo

- Location: 313 South Street, City of San Luis Obispo
- What the funding paid for: The funds were used to pay for hard construction costs, including metal exterior stairways. This is a 42 unit apartment – with units of 2, 3 & 4 bedroom size – all units will be rental apartment units for low and very low income households. Five of the units will be reserved for extremely low income (homeless) households.
- Achievements & beneficiaries
 - Number of Affordable Housing Units Constructed or Assisted – 42 apartment units are being constructed.
 - Number of Beneficiaries – Forty-two low, very low and extremely income tenant households.
- Additional funding considerations
 - Does this project need additional funding? No.
 - Why should additional funding be awarded? (if applicable) – Not applicable.

Project Name: Morro del Mar Senior Apartments by the Pacific Southwest Community Development Corporation

- Location: 555 Main Street, Morro Bay.
- What the funding paid for: The funds were used to pay for hard construction costs, including rough grading and structural framing. This is a 20 unit project – primarily one-bedroom sized units – all units will be rental apartment units for low and very low income seniors.
- Achievements & beneficiaries
 - Number of Affordable Housing Units Constructed or Assisted – 20 apartment units were constructed.
 - Number of Beneficiaries – 20 low and very low income senior tenant households.
- Additional funding considerations
 - Does this project need additional funding? No.

Why should additional funding be awarded? (if applicable) – Not applicable.

Draw-Down of In-Lieu and Housing Impact Fees in 2015

The 2015 Action Plan allocated a combination of Title 29 funds to four eligible projects. Most of the in-lieu and housing impact funds were used, along with a significant amount of home loan pay-off funds. These funds were used to pay for direct construction costs. All the projects have followed a 1.5 or 2.5 year construction period, and two of the projects were completed in 2015. As a result, the 2015 Title 29 funds have helped to pay for construction of 85 affordable housing units.

Action Plan for Year 2016

Summary of Funding for Year 2016 Projects

A total of \$125,268 of Title 29 funds is available in 2016 for eligible projects. Eligible projects shall have affordable housing units that are deed restricted or that conform to the County's affordable housing standards (i.e., Land Use Ordinance Section 22.12.070 – Housing Affordability Standards or Coastal Zone Land Use Ordinance Section 23.04.094 – Housing Affordability Standards).

Action Plan Table 2 (above) shows the amount of funds that are available for each area of the County. Title 29 directs the County to allocate the Title 29 funds to affordable housing projects within the same housing market area as where the projects that paid the Title 29 fees are located.

Title 29 requires the Action Plan to identify specific projects that will receive the affordable housing funds. For 2016, the County has allocated Title 29 funds to three projects:

1. Rolling Hills 2 Family Apartments – 990 Las Tablas Road, Templeton. This is a new 30 unit apartment project that will be built by People's Self-Help Housing Corporation. The units will serve low and very low income households. Title 29 funds will be used to help pay for the construction of this new apartment project.
2. Humbert Avenue Apartments – 860 Humbert Avenue, San Luis Obispo. This is a new 20 unit apartment project that will be built by the Housing Authority of San Luis Obispo. The units will serve low and very low income households. Ten of the units will be studio units for homeless veterans. Title 29 funds will be used to help pay for the construction of this new apartment project.
3. Home Rehabilitation Project by Habitat for Humanity for San Luis Obispo County. Currently there are no affordable housing projects under construction in the South County area. However, in 2015, Habitat for Humanity for San Luis Obispo County started its Home Rehabilitation Program. Habitat will repair the homes of individual low income homeowners. The homeowners must help with the work (sweat equity). Habitat estimates that the cost will be \$45,000 per house, and Habitat is able to find eligible homeowners in South County that would benefit from the program. Habitat has asked if the County would consider providing \$30,000 for this program. The County will combine the \$7,229.93 in Title 29 funds available for South County with \$30,000 in additional Title 29 funds to make a \$37,229.93 contribution to Habitat's Home Rehabilitation Program.

Table 6
Projects to be Funded in Year 2015

Project Name	Amount Allocated
Rolling Hills 2 Apt's Templeton (30 units)	\$52,380.64
Humbert Avenue Apt's San Luis Obispo (20 units)	\$20,238.16
Habitat for Humanity Home Rehab Program South County (1 unit)	\$37,229.93
Not Allocated: \$0 from North Coast area	\$0
Total amount allocated	\$109,848.73

Table 7
Remaining Amounts for Future Projects

Fund Source	Unspent Amount
Total amount of 2015 T-29 funds available	\$125,268.00
Total amount of 2015 T-29 funds allocated	\$109,848.73
Remaining amounts From 2015	\$15,419.27

Funding Amounts and Goals for Funded Projects in Year 2016

Project Description – Rolling Hills 2 Family Apartments – by People's Self-Help Housing Corporation. Title 29 funds will be used to pay for construction costs. All of the funds available for the north county housing market area (\$52,380.64) are being allocated to assist this family apartment project in Templeton. Project compliance will be verified when the project manager submits to the county requests for reimbursement of construction work completed. This project will also be awarded tax credits by the California Tax Credit Allocation Committee, and will be subject to the 55-year affordability requirements of the Committee.

- This is a new project and construction will begin in December, 2016.
- Project location – 990 Las Tablas Road, Templeton.
- Prior funding – The County is providing \$649,520.00 in federal HUD / HOME funds.
- Housing unit description – 30 unit project – 2, 3 & 4 bedroom size – all units will be rental apartment units for low and very low income households.
- What the funding will pay for – To help pay for completion of construction work – \$52,380.64 is available in 2016 Title 29 funds.

Achievements & beneficiaries –

- Number of affordable housing units to be constructed or assisted – 30 family apartment units.

- Number of beneficiaries – 30 very low and low income tenant households
- County Housing Policy or Goal being met –
- Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing.

Project Description – Humbert Avenue Apartments – by the Housing Authority of San Luis Obispo. Title 29 funds will be used to pay for construction costs. All of the funds available for the central county housing market area (\$20,238.16) are being allocated to this apartment project in the City of San Luis Obispo. Project compliance will be verified when the project manager submits to the county requests for reimbursement of construction work completed. This project has also been awarded tax credits by the California Tax Credit Allocation Committee, and will be subject to the 55-year affordability requirements of the Committee.

- This is a new project and construction will begin in March, 2016.
- Project location – 860 Humbert Avenue, San Luis Obispo
- Prior funding – The County and City of San Luis Obispo are providing \$1.2 million in federal HUD / HOME and CDBG funds.
- Housing unit description – 20 unit apartment project where all units will be for low, very low and extremely income households. Ten units will be studio units for homeless veterans.
- What the funding will pay for – To help pay for completion of construction work – \$20,238.16 is available in 2016 Title 29 funds.

Achievements & beneficiaries –

- Number of affordable housing units to be constructed or assisted – 20 apartment units
- Number of beneficiaries – 20 low, very low and extremely income tenant households

County Housing Policy or Goal being met –

Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing.

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Project Description – Home Rehabilitation Program – by Habitat for Humanity for San Luis Obispo County. Title 29 funds will be used to pay construction costs. All of the funds available for the south county housing market area (\$7,229.93) are being used in conjunction with \$30,000 in additional Title 29 funds to contribute a total of \$37,229.93 to this project. Project compliance will be verified when the project manager submits to the county requests for reimbursement of construction work completed. This project will be subject to the affordability requirements of Habitat for Humanity.

- This is a new project and construction will start in the Spring of 2016.
- Project location – South County housing market area. See Appendix: Housing Market Area Map.
- Prior funding – None.
- Housing unit description – One low income home owner will be assisted. Habitat will repair the homes of individual low income homeowners. The homeowners must help with the work (sweat equity). Habitat estimates that the cost will be \$45,000 per house, and Habitat is able to find eligible homeowners in South County that would benefit from the program.
- What the funding will pay for – To help pay for completion of construction work – \$37,229.93 is available in 2016 Title 29 funds.

Achievements & beneficiaries –

- Number of affordable housing units to be constructed or assisted – 1 unit.
- Number of beneficiaries – 1 low or very low income home owner household

County Housing Policy or Goal being met –

- Housing Element Programs: HE 1.C: Reduce and defer fees for affordable housing development, and HE 1.G: Provide direct financial assistance for housing.

Refund Payments

Certain circumstances require that unspent Fund amounts be repaid to the original contributing developers. Title 29 Section 29.05.010.d requires that unspent Funding shall be refunded whenever the County targets an affordable housing development and determines that adequate funding is available to complete the said project, but the project is never completed.

List of Payees

Whenever refunds are made pursuant to Title 29 Section 29.05.010.d the name of the original contributing developer and the amount of the refund shall be described here.

Recommended Ordinance Amendments

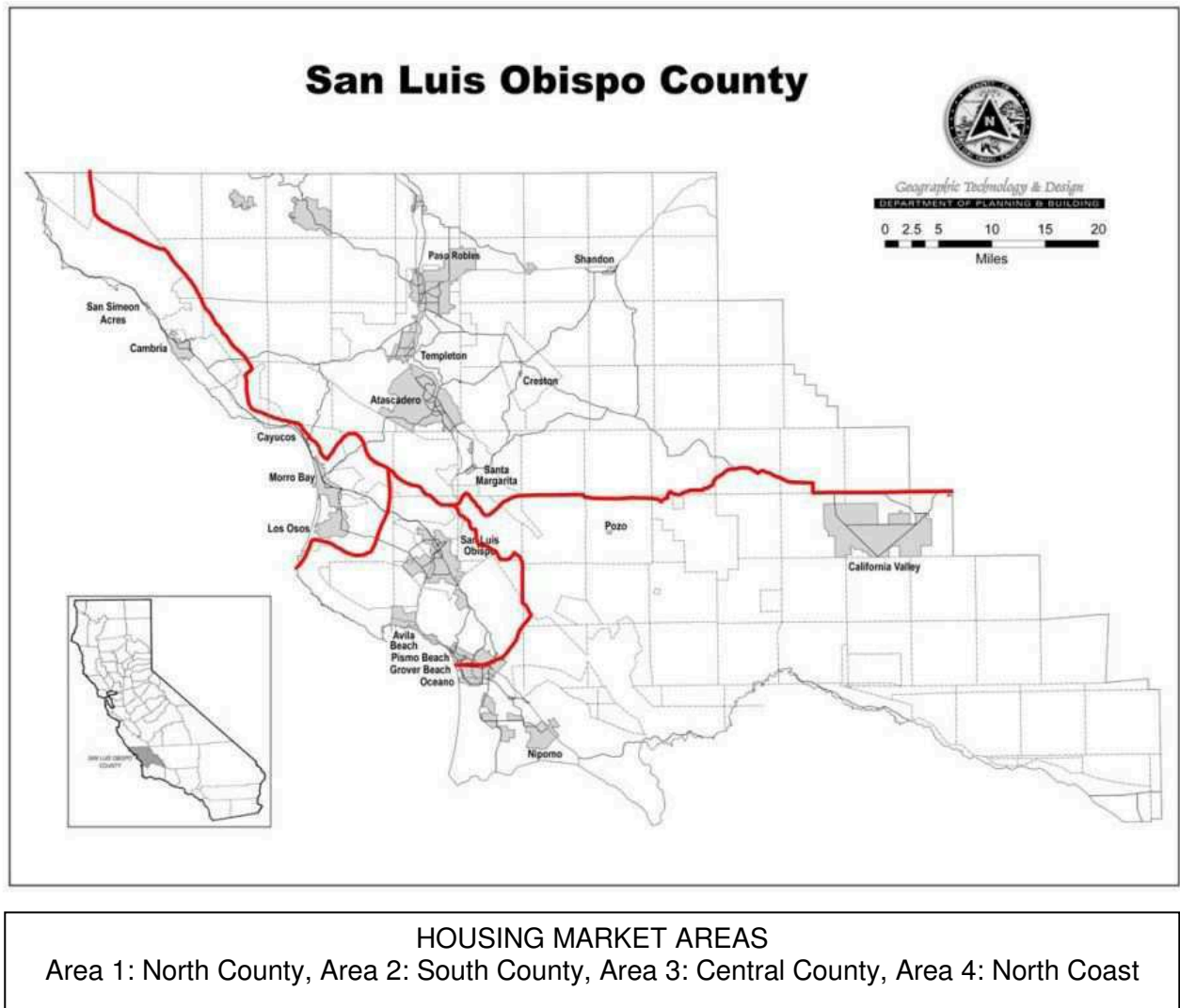
Normally, County staff would use this section to request authorization to initiate changes to the affordable housing ordinances and policies. The need for the ordinance changes and the expected benefits of those changes would also be described. The recommendations would come as a result of staff's observations from working with the ordinance over the past year.

This year staff is making no recommended changes.

Anticipated Benefits of the Amendments

This section is used to describe the anticipated benefits of any proposed amendments. No amendments are being proposed.

Appendix: Housing Market Area Map



Area 1: North County – includes Santa Margarita, Atascadero, Creston, Templeton, Paso Robles and Shandon.

Area 2: South County – includes Oceano, Nipomo, Woodlands, Pozo and California Valley

Area 3: Central County – includes San Luis Obispo, Avila Beach and Arroyo Grande

Area 4: North Coast – includes Los Osos, Morro Bay, Cayucos, Cambria and San Simeon